

**SOLOMON ISLANDS
VISITORS BUREAU**

Financial Report

for the year ended

31st December 2013

Solomon Islands Visitors Bureau
Financial Statements for the year ended 31st December 2013

Index

| | |
|---|--------|
| Directors' Report | 1 |
| Report of the Independent Auditor | 2 - 3 |
| Detailed Statement of Cash Receipts and Payments | 4 - 6 |
| Notes to and forming part of the Financial Statements | 7 - 11 |

**Solomon Islands Visitors Bureau
Directors' Report for the year ended 31st December 2013**

In accordance with Solomon Islands Visitors Bureau Act 1996, the directors present their report with the financial statements of Solomon Islands Visitors Bureau for the year ended 31st December 2013.

Principal Activities

The principal activity of the statutory body during the year is to market and promote Solomon Islands as a tourist destination.

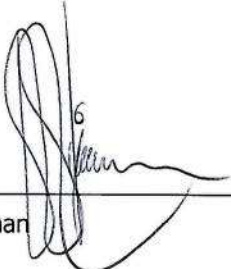
Results and Dividends

The net Surplus/ (deficit) for the year was \$1,860,056 and in 2012, deficit of (\$1,448,791). No dividends have been paid or declared since the end of the previous financial year.


Statement by Directors

In accordance with a resolution of the Directors' of Solomon Islands Visitors Bureau, we state that in our opinion:

- (a) the statement of Cash receipts and payments are drawn up so as to present fairly the results of the entity for the financial year ended 31st December 2013; and
- (b) the financial statements have been made out in accordance with the International Public Sector Accounting Standards under the Cash Basis of Accounting (Cash Basis IPSAS).



Chairman



Director

Date: 8th August 2016

Date: 8th August 2016



INDEPENDENT AUDITOR'S REPORT

To the Board of the Solomon Islands Visitors Bureau

Report on the Statement of Cash Receipts and Payments

I have audited the accompanying statement of cash receipts and payments of Solomon Islands Visitors Bureau, which comprise the statement of cash receipts and payments for the year then ended 31st December 2013, and a summary of significant accounting policies and other explanatory information.

My audit report is confined to those elements of the financial statements that are mandatory reporting requirements under the International Public Sector Accounting Standards under the Cash Basis of Accounting (IPSAS Cash). My report does not consider the fairness or reasonableness of any additional notes or amounts disclosed as non-mandatory notes.

Directors' and Management Responsibility for the Statement of cash receipts and payments

The Directors and management are responsible for the preparation and fair presentation of these statements of cash receipts and payments in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS), and for such internal control as management determines is necessary to enable the preparation of statement of cash receipts and payments that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the statement of cash receipts and payments based on the audit. The audit has been conducted in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the statement of cash receipts and payments of Solomon Islands Visitors Bureau for the year then ended 31st December 2013 present fairly, in all material respects, and its summary of significant accounting policies and other explanatory information in accordance with Cash Basis IPSAS.

Emphasis of Matter

Fixed Assets

Without modifying my audit opinion, I draw your attention to the non-update of the fixed asset register and continued unreconciled account between the fixed asset register and the general ledgers for the financial year ended 31 December 2013.

Lack of compliance with the Solomon Islands Visitors Bureau Act 1996

The Solomon Islands Board of Directors has not complied with Section 16 of SIVB Act 1996 which requires the accounts of the Bureau to be audited annually. The Management signed financial statements were not presented to me until 8th August 2016 which is two years and seven months after the SIVB Act requirement.



Peter Lokay
Auditor-General

Office of the Auditor-General
Solomon Islands

9 August 2016

| Reference 1.3.4(a) | Solomon Islands Visitors Bureau | | | | |
|-----------------------|---|----------------------------------|------------------------------|-------------------------|------------------------------|
| | Statement of Cash Receipts and Payments | | | | |
| | for the year ended 31st December 2013 | | | | |
| | | | 31st Dec 2013 | | 31st Dec 2012 |
| | Notes | Receipts/ (Payments) | Payments by Third Parties | Receipts/ (Payments) | Payments by Third Parties |
| | | \$ | \$ | \$ | \$ |
| | | RECEIPTS | | | |
| | | Grants and other | | | |
| | | Government Subvention | - | - | |
| | | Other | 60,000 | - | |
| | | | 60,000 | - | |
| | | Levies and Licenses | | | |
| | | Bed Levies | 9,169,535 | 8,380,122 | |
| | | Unit Levies | 26,950 | 27,600 | |
| | | Licenses | 15,700 | 22,150 | |
| | | | 9,212,185 | 8,429,872 | |
| | | Trading Activities | | | |
| | | Receipts from trading activities | 13,236 | 22,945 | |
| | | Other receipts | 14,049 | 10,314 | |
| | | Less: Accrued Revenues | - | - | |
| | | Total receipts | 9,299,470 | 8,463,131 | |

| Solomon Islands Visitors Bureau | | | | | | |
|---|---|----------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Statement of Cash Receipts and Payments | | | | | | |
| for the year ended 31st December 2013 | | | | | | |
| | | | | | | |
| | | 31st Dec 2013 | | 31st Dec 2012 | | |
| | | Notes | Receipts/ (Payments) | Payments by Third Parties | Receipts/ (Payments) | Payments by Third Parties |
| | | | \$ | \$ | \$ | \$ |
| 1.3.13 | PAYMENTS | | | | | |
| | Marketing and Promotion | 3 | (3,872,934) | | (5,693,359) | |
| | Operation | 4 | (1,692,178) | | (1,809,422) | |
| | Wages, Salaries & Associated Costs (All Employees) | 5 | (1,415,952) | | (1,147,584) | |
| | Professional fees | 6 | (20,800) | | (59,700) | |
| | Other Expenses | 7 | (34,868) | | (41,180) | |
| | | | (7,036,732) | | (8,751,245) | |
| | Capital Expenditures | | | | | |
| | Purchase of Property, Plant and Equipment | 8 | (307,091) | | (1,030,179) | |
| | Other Payments-Creditors | 12 | (95,591) | | (130,498) | |
| 1.2.12(b) | Total Payments | | (7,439,414) | | (9,911,922) | |
| | Increase/(decrease) in cash And cash equivalents | | 1,860,056 | | (1,448,791) | |
| | | | | | | |
| Reconciliation of Cash Movement | | | | | | |
| | | | | | | |
| Cash and Cash Equivalents at beginning of year | 2 | 1,344,985 | | | 2,793,446 | |
| Increase/(decrease) in cash equivalents | | 1,860,056 | | | (1,448,791) | |
| Adjustment | | - | | | 330 | |
| Cash and cash equivalents at end of year | 2 | 3,205,041 | | | 1,344,985 | |

| Reference | Solomon Islands Visitors Bureau | | | | |
|-----------|---|--------------------|--------------------|-----------------|--|
| | Statement of comparison of budget and actual amount | | | | |
| | for the year ended 31st December 2013 | | | | |
| | | Actual Amounts | Final budget | Original budget | Difference: Actual amount and final budget |
| | Receipts | | | | |
| | Grants and other | 60,000.00 | - | | |
| | Levies and Licenses | 9,212,185 | 9,606,900 | | (394,715) |
| | Trading Activities | 13,236 | 40,000 | | (26,764) |
| | Other receipts | 14,049 | - | | 14,049 |
| | Total Receipts | 9,299,470 | 9,646,900 | | (407,430) |
| | PAYMENTS | | | | |
| | Marketing and Promotion | (3,872,934) | (5,300,473) | | 1,427,539 |
| | Operation | (1,692,178) | (1,971,000) | | 278,822 |
| | Wages, Salaries & Associated Costs (All Employees) | (1,415,952) | (1,297,300) | | (118,652) |
| | Professional fees | (20,800) | (100,000) | | 79,200 |
| | Other Expenses | (34,868) | (100,000) | | 65,132 |
| | Capital Expenditures | (307,091) | (550,000) | | 242,909 |
| | Other Payments-Creditors | (95,591) | (312,000) | | 216,409 |
| | Total Payments | (7,439,414) | (9,630,773) | | 2,191,359 |
| | Net Cashflows | 1,860,056 | 16,127 | | 1,783,929 |

**Solomon Islands Visitors Bureau
Notes to the Financial Statements**

| Reference | |
|-----------|--|
| 1.3.4(b) | 1. Accounting Policies |
| 1.3.30 | <p>Basis of Preparation</p> <p>The financial statements have been prepared in accordance with the International Public Sector Accounting Standards under The Cash Basis of Accounting (Cash Basis IPSAS).</p> <p>The Accounting policies have been applied consistently throughout the period.</p> |
| 1.4.7 | <p>Reporting Entity</p> <p>The financial statements are for the Solomon Islands Visitors Bureau (SIVB), which is a statutory body in the Solomon Islands. The financial statements encompass the reporting entity as specified in the relevant legislation (Solomon Islands Visitors Bureau Act 1996).</p> <p>The principal objective of SIVB is to market and promote Solomon Islands as a tourist destination. The SIVB also regulates and issues licenses to all accommodation operators in Solomon Islands.</p> |
| 1.4.7(d) | <p>Controlling Entity</p> <p>For accounting purposes the SIVB reports to the Solomon Islands Government through the Ministry of Culture and Tourism for all policy matters. Financial reporting frame work and accounting policies are normally set by the Ministry of Finance or where appropriate through the adoption of appropriate international accounting standards.</p> |
| 1.10.8 | <p>External Assistance</p> <p>The SIVB receives benefits from payments made by external third parties (entities external to the SIVB) for goods and services. These Payments do not constitute cash receipts or payments for SIVB. They are disclosed in the Payments by third parties notes in the financial statements.</p> |
| | <p>Restricted Cash Balances</p> <p>Restricted cash balances are monies collected on behalf of another statutory entity or Solomon Islands Government Department. These monies are then forwarded to the entity/department on an agreed schedule. These monies are not available for use by the SIVB. Restricted Cash Balance includes Pay As You Earn (PAYE) and NPF employees and employer contributions withheld at calculation of employee's salaries.</p> |
| 1.4.23(d) | <p>Reporting Currency</p> <p>The financial statements are presented in Solomon Islands currency, expressed as Solomon Bokolo Dollars (SBD) (\$)</p> |
| 1.7.2 | <p>Foreign Currency Transactions</p> <p>Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at date of the transaction.</p> |
| 1.4.16 | <p>Classifications</p> <p>Prior year balances have been reclassified to correspond to current year disclosures where considered necessary.</p> <p><i>Property and Equipment Acquisition and valuation</i></p> <p>The cost method of accounting is used for all acquisition of assets. Cost measured as of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.</p> |

**Solomon Islands Visitors Bureau
Notes to the Financial Statements**

Reference

Depreciation

Depreciation is calculated in note 9 to determine the book value of assets over their estimated useful lives. Depreciation on land and building is provided for on a straight line basis and other assets are provided for on a diminishing value basis at rates calculated to allocate the cost or valuation less estimated useful lives of the assets against the revenue over those estimated useful lives.

Major depreciation rates are:

| | |
|----------------------|-----|
| Land & Buildings | 5% |
| Equipment | 25% |
| Motor Vehicles | 20% |
| Furniture & Fittings | 20% |

Trade and Other Receivables

No debtors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. All debtors are recognized at the amounts receivable at cost and is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when doubts as to collection exists.

Trade and Other Payables

No creditors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in future for the goods and services received

2. Cash

Cash and cash equivalents comprise cash balances, call deposits, un-acquitted imprest accounts and restricted cash balances. Bank overdrafts that are payable on demand and form an integral part of SIVB's cash management are included as a component of cash and cash equivalents closing balance.

| | 31st Dec 2013 | 31st Dec 2012 |
|---|----------------------|----------------------|
| Cash | | |
| Cash on hand | 1,154 | 96,075 |
| Main Cheque Account | 3,180,815 | 1,225,928 |
| Term Deposit | 23,071 | 22,952 |
| Vist Solomon Campaign | - | 30 |
| | 3,205,040 | 1,344,985 |
| Reconciliation of restricted cash balance as at 31st December 2013 | | |
| Closing cash and cash equivalents | 3,205,040 | 1,344,985 |
| Less: Restricted cash balances | | |
| Creditors | - | - |
| NPF | 38,330 | 29,862 |
| PAYE | 126,787 | 115,045 |
| Accrued Expense | - | - |
| Basic Rates | 8,362 | 5,047 |
| Deposits | - | - |
| Others | 143,284 | 15,233 |
| Cash and cash equivalent available for use | 2,888,277 | 1,179,798 |

**Solomon Islands Visitors Bureau
Notes to the Financial Statements**

Reference

| Notes | 31st Dec 2013 | | 31st Dec 2012 | |
|--|-------------------------|------------------------------|-------------------------|------------------------------|
| | Receipts/ (Payments) | Payments by Third Parties | Receipts/ (Payments) | Payments by Third Parties |
| | \$ | \$ | \$ | \$ |
| 3. Marketing and Promotion | | | | |
| Advertising | (291,674) | | (570,125) | |
| Trade Fairs & Shows | (550,123) | | (2,106,159) | |
| Brochures | (33,226) | | (278,851) | |
| Posters/Travel Guide & Promotions | (151,963) | | (238,380) | |
| Films & Photographs | (119,913) | | (196,735) | |
| Internet Marketing | (365,350) | | (553,661) | |
| Marketing Communication | (14,121) | | (9,213) | |
| Airport Info Booth Servicing | (117,000) | | (77,400) | |
| Public Relations Activities | (199,470) | | (122,610) | |
| Market Representation | (55,902) | | (370,051) | |
| Travel Agent/Media Visitation | (585,287) | | (178,507) | |
| Product Knowledge Update | (61,564) | | (36,242) | |
| Trade/ Cultural Shows | (268,252) | | (748,980) | |
| Special Events Marketing | (767,974) | | - | |
| Marketing Subsidy Assistance/Sponsorship | (263,316) | | (117,531) | |
| Misc.& Contingency | (27,799) | | (88,914) | |
| | (3,872,934) | | (5,693,359) | |
| 4. Operation | | | | |
| Advertising | (30,982) | | (25,066) | |
| Board Members Expenses | (435,822) | | (470,770) | |
| Telephone, Fax and Postage | (278,228) | | (141,915) | |
| Computer Charges | (111,065) | | (140,026) | |
| Printing, Stationary & Office Consumables | (41,772) | | (42,860) | |
| Staff Training | (17,538) | | (45,449) | |
| Electricity & Other Utilities | (195,710) | | (199,889) | |
| Seminar/Workshops | (51,390) | | (48,945) | |
| Motor Vehicle & Duty travel Expenses | (124,735) | | (93,537) | |
| Repairs & Maintenance | (227,251) | | (340,176) | |
| Licensing & Inspection | (29,362) | | (127,319) | |
| Rent & Rates | (8,997) | | (8,699) | |
| Uniform issues & Maintenance | - | | (46,589) | |
| Security Services | (85,712) | | (70,504) | |
| Misc & Contingency | (53,614) | | (7,678) | |
| | (1,692,178) | | (1,809,422) | |
| 5. Salary/ Wages & Associated Costs | | | | |
| Salaries & Wages | (1,070,560) | | (793,420) | |
| Employer NPF Contribution | (61,795) | | (57,681) | |
| Other | (283,597) | | (296,483) | |
| | (1,415,952) | | (1,147,584) | |
| 6. Professional Fees | | | | |
| Accounting fee | (20,800) | | (59,700) | |

**Solomon Islands Visitors Bureau
Notes to the Financial Statements**

Reference

| | | 31st Dec 2013 | | 31st Dec 2012 | |
|---|-------|-------------------------|------------------------------|-------------------------|------------------------------|
| | Notes | Receipts/ (Payments) | Payments by Third Parties | Receipts/ (Payments) | Payments by Third Parties |
| | | \$ | \$ | \$ | \$ |
| 7. Other Expenses | | | | | |
| Bank Charges | | (4,118) | | (9,059) | |
| Insurance | | (30,750) | | (32,121) | |
| | | (34,868) | | (41,180) | |
| 8. Purchase of property, plant and Equipment | | | | | |
| Plant & Equipment | | 244,104 | | 193,541 | |
| Land & Building | | - | | 633,668 | |
| Furniture & Fittings | | 62,987 | | 202,970 | |
| Motor Vehicles | | - | | - | |
| | | 307,091 | | 1,030,179 | |
| 9. Receivables | | | | | |
| Trade Debtors | | 189,318 | | - | |
| Less: Provision for doubtful debts | | - | | - | |
| | | 189,318 | | - | |
| 10. Other Receivables | | | | | |
| Salary Advances | | 55,894 | | 61,419 | |
| Imprest Account | | 718,183 | | 719,158 | |
| Sub-Committee Advance | | 75,470 | | 75,470 | |
| Other Advances | | 9,387 | | 2,025 | |
| Prepayments | | 2,364 | | - | |
| Deposits Paid | | - | | - | |
| Inventories | | 33,464 | | 42,988 | |
| | | 894,762 | | 901,060 | |
| 11. Payables | | | | | |
| Trade Creditors | | - | | | |
| Other Creditors and accruals | | - | | | |
| Accrued Expenses | | - | | - | |
| HTC Payable | | 8,362 | | 5,047 | |
| PAYE Tax Payable | | 126,787 | | 115,045 | |
| NPF Contribution Payable | | 38,330 | | 29,862 | |
| Deposits | | 143,284 | | 15,233 | |
| | | 316,763 | | 165,187 | |
| 12. Other Payments | | | | | |
| | | (95,591) | | (209,493) | |

**Solomon Islands Visitors Bureau
Notes to the Financial Statements**

Reference **13. Property, plant & equipment**

Reconciliation of the opening and closing balances of property, plant and equipment

| | Plant & Equipment RESTATED | Land and Improvements | Buildings | Motor Vehicles | Furniture Fittings | Security Fence | Total |
|----------------------------------|---|----------------------------------|------------------|---------------------------|-------------------------------|---------------------------|------------------|
| Valuation Cost | 1,127,679 | | 7,123,768 | 336,207 | 278,107 | 150,000 | 9,015,761 |
| 1/01/2013 | | | - | | | | |
| Additions | 244,104 | | - | | 62,987 | | 307,091 |
| Revaluation | - | | - | | - | - | - |
| Disposal | - | | | | - | | - |
| Adjustment | - | | | | | | - |
| 31/12/2013 | 1,371,783 | | 7,123,768 | 336,207 | 341,094 | 150,000 | 9,322,852 |
| Amortisation Depreciation | | | | | | | |
| 1/01/2013 | 552,572 | | 234,471 | 138,281 | 75,496 | 7,500 | 1,008,320 |
| Charge for the year | 175,897 | | 246,678 | 39,585 | 52,365 | 7,500 | 522,025 |
| Disposal | - | | - | - | - | - | - |
| Adjustment | - | | (42,019) | - | - | - | (42,019) |
| 31/12/2013 | 728,469 | | 439,130 | 177,866 | 127,861 | 15,000 | 1,488,326 |
| Book Value | | | | | | | |
| 1/01/2013 | 575,107 | | 6,889,297 | 197,926 | 202,611 | 142,500 | 8,007,441 |
| 31/12/2013 | 643,314 | | 6,684,638 | 158,341 | 213,233 | 135,000 | 7,834,526 |